



CITY COUNCIL STAFF REPORT

MEETING DATE: June 22, 2005

TITLE: URBAN LIMIT LINE/GREENBELT STUDY

EXECUTIVE SUMMARY:

Background. On April 20, 2005 the City Council received the Committee's Urban Limit Line/Greenbelt Report and directed staff to prepare an equal evaluation of all proposals. Staff was directed to return to the Council in June 2005 with a comparative analysis, responses to letters, and recommended action plan for moving the Program forward into environmental review and implementation.

Recommended Actions: (to be carried out during FY 2005-06)

1. For all of the city's Sphere of Influence area *except for the Southeast Quadrant*, accept the staff-recommended "project description" for a General Plan Amendment (as presented in Attachment I.E.), and direct filing of the application and preparation of environmental review. The GPA amendment will include establishment of the Urban Limit Line, amendment of the Urban Growth Boundary line, and incorporation of a Greenbelt diagram and policies.
2. Direct staff to initiate consultant selection activities for the Industrial Land Market Study (ILMS), to address existing and potential industrial lands within the city's sphere of influence.
3. Direct staff to work with Santa Clara County on county development regulations related to reducing the visual impacts of new hillside development.

Recommended Future Activities

SOUTHEAST QUADRANT. Staff believes that it is premature to take any actions regarding the Southeast Quadrant (SEQ) until after the recommended Industrial Land Market Study (ILMS), at which time the Planning Commission and City Council will be able to consider its conclusions and determine *whether, to what extent, and when* the SEQ should be planned for future urban development. The range of choices to be considered at that time could include, but not be limited to:

- The Council could determine that the only urban development desired for the SEQ is an industrial park in the vicinity of the 101/Tennant interchange, and that the rest should be "Rural County"; likely to be a mix of small agricultural and rural residential uses. The Council would then provide direction for location and timing of applying the industrial land designation/prezoning.
- The Council could determine that more, or even all, of the SEQ should be held in reserve for urban development. In that case, the Council should probably provide direction at that time regarding whether further study of urban uses should occur as part of the next General Plan Update, or at some other time.
- In light of the above considerations, the Council could consider in the future whether a program to acquire land and/or conservation easements in the SEQ area is desired as part of the city's "greenbelt" program, or whether reliance on existing parcel pattern and County zoning (any new parcels could not be less than 20 acres) is adequate. It is estimated that under existing County zoning there is potential for an additional 80 dwelling units in the SEQ.

GREENBELT FINANCING AND IMPLEMENTATION PROGRAM. Staff believes that the City Council will need to complete the ILMS, complete the General Plan Amendment, and have the above "Southeast Quadrant Discussion", before further, more detailed analysis of greenbelt financing and implementation options can occur. This means that staff is suggesting that the ULL/Greenbelt Work

Agenda Item #15

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Approved By:

**Community
Development Director**

Submitted By:

City Manager

Program will consist of the Industrial Land Market Study and General Plan Amendment/environmental review during FY 2005-06; with further analysis and discussion of financing and implementation options occurring the following year.

ATTACHED INFORMATIONAL BOOKLET: The attached booklet includes all of the information requested by the City Council. It is tabbed for ease of use, in accordance with this Table of Contents:

- I. Staff Analysis
 - A. Introduction
 - B. Key Information
 - C. Discussion of Key Policy Issues
 - D. Presentation of Staff Recommendations Regarding Key Program Components
 - 1. Modifications to Definitions of “Greenbelt” and “Urban Limit Line”
 - 2. Location of Urban Limit Line
 - 3. Location of Greenbelt
 - 4. Need for Measure C Amendment and/or Ballot Measure(s)
 - 5. Southeast Quadrant (SEQ) Land Uses
 - 6. Priority for obtaining Title or Conservation Easements over Greenbelt Lands; and Study of Funding/Implementation Mechanisms
 - 7. Amendments to Urban Growth Boundary
 - E. Compilation of Staff Recommendations, including the “Project Description” for the General Plan Amendment that would establish the Urban Limit Line, amend the Urban Growth Boundary, and incorporate a Greenbelt Diagram and Policies
- II. Comparative Analysis of Five Proposals
 - A. Comparative Analysis Summary Report
 - B. Comparison Table
 - C. Descriptions of Proposals
 - 1. Urban Limit Line-Greenbelt Advisory Committee Report, Map & Recommendations (“Committee Proposal”)
 - 2. Kennett, Beasley, Tichinin Proposal (“KBT Proposal”)
 - 3. Property Owner Group Proposal (“Owner Group Proposal”)
 - 4. Existing General Plan (“No Project Proposal” – existing text/policies)
 - 5. Staff Recommendation (“Staff Proposal” - in Section I.E. of Booklet)
- III. Written Responses to Letters
 - A. Jeffrey Hare Letter representing Trustees of Nick Sr. and Jackie Borina Trust
 - B. Andrew Faber Letter representing Keven and Charlene Lai
 - C. Steve White Letter representing American Anchorpoint Schools
 - D. Gary Justino Letter representing himself
 - E. Bart Hechtman Letter representing American Anchorpoint Schools
 - F. Art Puliafico Letter representing himself
- IV. Maps of Morgan Hill Prime Agricultural Soils and Agricultural Resources
- V. Information regarding City of Gilroy Agricultural Mitigation Program
- VI. Minutes of April 20th City Council Meeting

FISCAL IMPACT:

Funds for the amendment of the General Plan and environmental review are included in the funds appropriated for the Urban Limit Line/Greenbelt Study. Funds for the Industrial Land Market Study and staff support for the Urban Limit Line/Greenbelt work are part of the proposed 2005-06 Budget. Future adoption of a Greenbelt Financing and Implementation Program will likely include implementation activities that would impose an ongoing cost. Resources needed that exceed the existing level of TDC funds obtained from Measure C developers and Open Space Authority funding are proposed to be identified during the next phase of greenbelt planning.

URBAN LIMIT LINE / GREENBELT BOOKLET

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URBAN LIMIT LINE/GREENBELT STUDY

I. STAFF ANALYSIS

A. INTRODUCTION

On April 20, 2005, the City Council received the Urban Limit Line Advisory Committee's Final Report. At the meeting, the Council also received an alternative to the Committee's recommendations from three members of the Urban Limit Line Advisory Committee: Alex Kennett, Michele Beasley and Bruce Tichinin ("KBT Proposal"). That proposal is further explained by a May 24, 2005 city staff memo that summarizes answers to a series of questions posed to the three Committee members (see Attachment II.C.2).

Council requested that staff prepare an equal evaluation of all proposals. Staff was directed to return to the City Council in June 2005 with a comparative analysis, responses to letters, and a recommended action plan for moving the Program forward into environmental review and implementation.

Staff has prepared all of the information requested by the Council, including a comparison of the following five alternative proposals:

1. Urban Limit Line-Greenbelt Advisory Committee Report, Map & Recommendations ("Committee Proposal")
2. Kennett, Beasley, Tichinin Proposal ("KBT Proposal")
3. Property Owner Group Proposal ("Owner Group Proposal")
4. Existing General Plan ("No Project Proposal" – existing text/policies)
5. Staff Recommendation ("Staff Proposal" - in Section I.E. of Booklet)

The primary purposes of this staff analysis and the associated informational booklet materials are to:

- Provide key information that is critical to understanding the ULL and Greenbelt issues and potential actions;
- Identify key policy issues;
- Provide a comparison table to assess the five alternatives;
- Address and make recommendations on the site specific issues raised at the June 22nd City Council meeting and/or in the Council packet; and
- Provide staff's recommendations, including an implementation strategy for moving the Study to the point where actions can be taken.

The Staff's recommendations are addressed at various points in the staff analysis as well as in the attached comparison table. Attachment I.E. presents a compilation of all staff recommendations, including the "Project Description" for the General Plan Amendment that would establish the Urban Limit Line, amend the Urban Growth Boundary, and incorporate a Greenbelt Diagram and Policies.

B. KEY INFORMATION

Certain information has been instrumental in guiding the ULL study and shaping the Advisory Committee's work and recommendations. Following are brief summaries of eleven of these items:

1. City Council directions for the Study included:
 - The existing Urban Growth Boundary (UGB) was to be respected, with amendments only when directly warranted by the Study's conclusions, and
 - The Study was not to become a major revision of the General Plan.
2. The General Plan was the source of two issues addressed by the Advisory Committee:
 - Address future use of the area bounded by Edmundson, DeWitt and Sunset (General Plan Open Space and Conservation Action 2.12), and
 - Address the need for an industrial park in the area near Tennant Avenue and Highway 101 (General Plan Open Space and Conservation Action 2.2).
3. There is a large amount of vacant land within the Urban Growth Boundary. If the development trends of the past decade continue, vacant land inside the UGB is sufficient for the following growth:
 - Single Family Residential: development to the late 2020s/early 2030s (about 1700 acres);
 - Multiple Family Residential: development to the late 2020s/early 2030s (about 230 acres);
 - Commercial: development to the mid 2040s to early 2060s (about 240 acres);
 - Industrial: development to the late 2020s/early 2030s (about 640 acres); and
 - Public and Quasi-Public Facilities (e.g., parks, schools, churches): development to 2020 (about 75 acres).
4. Serious questions have been raised about the suitability for industrial development of substantial portions of vacant industrial land located both within the City and within unincorporated parts of the Urban Growth Boundary (UGB). Issues include the size of parcels, location of sites, and difficulty in and/or cost of providing utilities for the area west of Highway 101 and south of Tennant Avenue. Questions have also been raised about existing developed industrial lands that are or may in the near future become obsolete. These questions are a major reason for the recommended Industrial Land Market Study. If currently designated industrial land is found to be viable for the City's industrial expansion over the next 20 to 30 years, then designation of industrial land in the Southeast Quadrant (SEQ) is far less pressing than if a substantial amount of vacant industrial land is found not to be suitable for future industrial uses.
5. If development trends of the past decade continue, the following amounts of vacant land outside of the Urban Growth Boundary would be needed to sustain growth to the year 2050:
 - Single Family Residential: 750 to 875 acres;
 - Multiple Family Residential: 115 to 150 acres;
 - Commercial: None to minimal;
 - Industrial: 400 to 450 acres; and
 - Public and Quasi-Public Facilities (e.g., parks, schools, churches): 220 to 330 acres.

Areas outside the Urban Growth Boundary that have prime urban expansion potential are:

- The Diana Avenue/East Main Avenue area east of Highway 101 extending to Hill Road (about 200 to 250 acres);
- The area west of Highway 101 between the Madrone Business Park and Sobrato High School/San Jose's Coyote Valley Greenbelt (about 150 to 175 acres); and
- The Southeast Quadrant bounded by Highway 101, San Pedro Avenue, Maple Avenue and Carey Road (about 1200 acres).

Decisions on inclusion within the UGB of all or parts of the Diana Avenue/East Main Avenue area and/or the area between north of the Madrone Business Park will be made as part of future major General Plan updates. As elaborated on in this analysis, decisions on adding to the Urban Growth Boundary an industrial area in the Southeast Quadrant could be made prior to or as part of a future major General Plan update.

6. The Santa Clara County Local Agency Formation Commissions (LAFCO) effectively controls how much unincorporated land can be added to cities and when the annexation can occur. LAFCO policies, reinforced by State law, focus on containing growth inside current municipal boundaries and Urban Service Areas. Other than development defined by LAFCO as infill of existing urban areas, adding land to cities requires an assessment of existing vacant land. It is becoming increasingly difficult to gain LAFCO approval of expansion into new areas if land within the existing urbanized areas still has more than five years worth of vacant and underutilized land to be absorbed by new development.
7. A significant amount of unincorporated land in the valley floor is classified by the State as prime agricultural soil (see Attachment IV, Prime Agricultural Soils Map). Much of the prime soil is not used for agricultural activities. The City does not have policies or a mitigation program that addresses conversion of prime agricultural soil to urban development. LAFCO has a policy to discourage use of prime soils for urban use but no defined mitigation measures. The City of Gilroy's Agricultural Land Mitigation Policy is included for reference as Attachment V. in the Informational Booklet.
8. The typical parcel pattern in unincorporated areas, including the Southeast Quadrant, is ten acre or smaller parcels. There are very few parcels larger than twenty acres and these are predominantly hillside sites. Essentially almost every parcel in the unincorporated area is a residential building site, many of which are developed. The current County zoning for most of these parcels is one unit per 20 acres. This parcel pattern will have significant financial effects on the potential for acquiring extensive Greenbelt areas, both because many parcels are already developed and the value of most land is as a residential site and not as agricultural or ranchland acreage.
9. In the SEQ, the existing pattern of 10+/- (i.e. between 9 and 13 acres) acre lots will facilitate, over the next decades, the conversion of currently vacant or agricultural 10+/- acre parcels to rural residential uses. Use of all the 10+/- acre parcels for rural residential sites would add about 80 houses to the 125 that currently exist in the SEQ. If City policies offer a prospect for future urban uses that outweigh the value of large lot rural residential uses, the conversion will be slowed. In some communities, rural residential development of one unit per ten or twenty

acres is considered “greenbelt”, even though privately owned, due to its non-urbanized character. Creation of scattered 10+/- acre rural residential sites would become an obstacle to alternative urban land uses, should an area be desired for urban development in the future. The Committee suggested that its proposed SEQ Area Plan accommodate about 2,000 new homes.

10. In the SEQ, sale of vacant or agricultural land yields land values that reflect substantial speculation on future urban development notwithstanding that the area is outside the Urban Growth Boundary and thus is not likely to have urban development for at least 20 years.
 - Recent land sales of 10+/- acre parcels have been on the order of \$1,000,000.
 - The same ten acre site valued for agricultural purposes would be worth between \$25,000 and \$100,000 depending on the quality of the soil, access to water and the presence of usable agricultural features (e.g. fruit trees, buildings).
 - A ten acre flat rural residential site with no additional development potential and located on the valley floor would likely be worth on the order of \$500,000.
11. The visual impacts of hillside development on views of the hills from the valley floor is a significant issue. In selecting Greenbelt areas and potential acquisition sites within the Greenbelt, the Advisory Committee sought to avoid future development-related negative visual impacts issues. The negative visual impact of some new development highlights the importance of working with Santa Clara County on more vigorous County regulation of hillside development. The Santa Clara County Board of Supervisors recently directed County staff to undertake a study of hillside development regulations. The Santa Clara County development review process is discussed on pages 42 and 43 of the Advisory Committee’s Final Report. Critical regulatory issues include the type of development that is subject to increased regulation; building height limits, color and placement on the site; landscaping; lighting; and grading.

The next section identifies and discusses staff conclusions and recommendations regarding three key policy issues.

C. KEY POLICY ISSUES

The three policy issues discussed below emerged as the Advisory Committee's work progressed. The three issues are stated as staff conclusions that the Council may or may not agree with. These issues are reviewed both to highlight them for City Council and to facilitate Council discussion.

Staff concurs with the Advisory Committee's direction on the first two issues. Regarding planning for the Southeast Quadrant, staff has reached the conclusion, as identified below and in other parts of the Analysis, that the City should defer taking action on the Southeast Quadrant until after the Industrial Land Market Study is completed. That Study is part of the 2005-06 City budget.

1. *The City should identify a very long term boundary, to identify areas for possible urbanization beyond the next 20 to 30 years.*

Item #3 in the Key Information section of this analysis indicates that the City has, within the Urban Growth Boundary, enough vacant land to meet anticipated urban growth for over 20 years. The possible exception to this is industrial land if the Industrial Land Market Study finds that some of the currently designated industrial land (e.g., the area west of Highway 101 and south of Tennent Avenue) is not suitable for meeting future industrial land needs. The three areas outside the UGB identified in #5 of the Key Information section of the analysis would satisfy the need for urban land to 2050.

An advantage of having an ULL is that City land use policies and expectations are clearer especially for property owners. Property owners should be able to make better long term land use decisions. However, for properties that are inside the ULL but removed in distance and time from becoming part of the City, the ULL might be misinterpreted as a City commitment to annexation rather than a policy of maintaining the long term possibility of annexation. The City's UGB has worked well since its adoption in 1997. Some have argued that the UGB's 20 year time frame is as long as projections can be reasonably made and the City doesn't need a longer term ULL that inherently has a greater degree of uncertainty. Others have argued that establishing the ULL will help deter the conversion of unincorporated parcels into large lot rural residential sites that would be impediments to future urban uses of outlying land.

2. *The City should establish a program to acquire Greenbelt land and conservation easements..*

The Greenbelt land acquisition program would include but expand on current policies that focus acquisition of open space land on El Toro and other lands with slopes exceeding 20 percent. Acquiring Greenbelt land and conservation easements will not address all concerns related to hillside development. Key Information items 8 and 11 note the impact of the existing parcel patterns in unincorporated areas, and the importance of County land development regulations on addressing development impacts in the unincorporated area.

It is clear from the Advisory Committee's work that acquiring land and easements for a Greenbelt will be a complicated and expensive process whether it occurs by private sector developers or public agency staff. Discussions with staff from jurisdictions that have or are acquiring greenbelt lands either in fee title or through open space easements indicates that not only the land acquisition process takes considerable time and resources, but that management of

acquired land is also complicated with related expenses. In adopting a Greenbelt program the City will need to consider the very long term commitments needed for dedication of staff and financial resources.

3. *The City Council should defer making a decision on possible urban uses in the Southeast Quadrant (SEQ) until after the completion of the Industrial Land Market Study (ILMS).*

As noted in the first policy issue and Key Information item #5, the City has enough vacant land within the Urban Growth Boundary to satisfy City growth needs (with the possible exception of industrial land) for over 20 years. If the Industrial Land Market Study (ILMS) concludes that the City does have an adequate supply of industrial land suitable to meet market needs for at least the next twenty years, then urban development in the SEQ is unlikely to occur until at least the 2030s (a possible exception is the land between Highway 101 and Murphy Avenue from Barrett Avenue to south of Tennant Avenue that is inside the Urban Growth Boundary but not yet designated for an urban use). If the Study concludes that a new industrial land location is needed, then a prime location would be in the SEQ.

After completion of the ILMS, the Council will have a better basis for addressing what they see as the longer term vision for the SEQ and answering the following questions:

- Should the City plan for urbanization of the SEQ; recognizing that development of much of that area will not begin for 20 or more years?
- Or, is the long term future of the SEQ a rural area with a mixture of ten acre residential estates and agricultural uses (with the possible exception of an industrial area)?

Staff believes that it is premature to take any actions regarding the Southeast Quadrant (SEQ) until after the recommended Industrial Land Market Study (ILMS), at which time the Planning Commission and City Council will be able to consider its conclusions and determine ***whether, to what extent, and when*** the SEQ should be planned for future urban development. The range of choices to be considered at that time could include, but not be limited to:

- The Council could determine that the only urban development desired for the SEQ is an industrial park in the vicinity of the 101/Tennant interchange, and that the rest should be “Rural County”; likely to be a mix of small agricultural and rural residential uses. The Council would then provide direction for location and timing of applying the industrial land designation/prezoning.
- The Council could determine that more, or even all, of the SEQ should be held in reserve for urban development. In that case, the Council should provide direction at that time regarding whether further study of urban uses should occur as part of the next General Plan Update, or at some other time.
- In light of the above considerations, the Council could consider in the future whether a program to acquire land and/or conservation easements in the SEQ area is desired as part of the city’s “greenbelt” program, or whether reliance on existing parcel pattern and County zoning (any new parcels could not be less than 20 acres) is adequate. It is estimated that under existing County zoning there is potential for an additional 80 units in the SEQ.

The next section presents staff recommendation for a variety of key components of the Program.

D. PRESENTATION OF STAFF RECOMMENDATIONS REGARDING KEY PROGRAM COMPONENTS

This section of the Analysis reviews staff recommendations regarding:

1. Modifications to definitions of “Greenbelt” and “Urban Limit Line”
2. Location of Urban Limit Line
3. Location of Greenbelt
4. Need for Measure C Amendment and/or Ballot Measures
5. Southeast Quadrant Land Uses
6. Priority for obtaining Title or Conservation Easements over Greenbelt Lands
7. Amendments to Urban Growth Boundary

Items 2 through 7 are addressed in more detail in the attached comparison table, including within the Comparative Analysis Summary Report (Attachment II.A.). The table compares the five alternatives identified on the first page of this analysis. The fifteen factors used in the comparison table relate to Advisory Committee recommendations and significant areas of difference between the five alternatives.

1. MODIFICATIONS TO DEFINITIONS OF “GREENBELT” AND “ULL”

Staff recommends several changes to the definitions of Urban Limit Line and Greenbelt, from those contained in the Committee’s Report. The definition of the ULL in the Advisory Committee’s Final Report noted that the Line “is intended to be permanent” and is thus an ultimate boundary. The Advisory Committee recognized that the Line could be amended by future City Councils as part of their land use planning role. The City Attorney has noted that the use of “permanent” could become a point of challenge for someone concluding that they were being deprived of the opportunity to request a change in the Line’s location. The revised wording replaces “permanent” with “reflect the City’s long term policy for growth of Morgan Hill, beyond the twenty-year timeframe of the UGB.”

The definition of Greenbelt assumed that all Greenbelt land would be outside the City. Late in the Advisory Committee’s work, Silveria Park and adjacent land was identified as a part of the Greenbelt. The recommended revision to the definition reflects the Committee’s recommendations that some Greenbelt locations are inside the City and thus City regulations will apply to these areas. The definition has also been revised to reflect the intent to acquire Greenbelt land (via easements or in fee title) in selected locations.

The recommended revised definitions are:

Urban Limit Line: The Urban Limit Line (ULL) separates urban and future urban areas from rural areas. The ULL is a longer-term version of the Urban Growth Boundary (UGB) and is intended to ~~be permanent~~ reflect the City’s long term policy for growth of Morgan Hill, beyond the twenty-year timeframe of the UGB. The purpose of an ULL is to encourage more efficient growth patterns, minimize public costs, and protect environmental resources. Some, but not all, of the land outside the ULL has been designated as Greenbelt.

Greenbelt: The purpose of areas ~~designated~~ shown as “Greenbelt” on the Greenbelt Diagram is to help physically define the City in terms of distinguishing between rural and urban character, to identify areas where the City and County intend to ~~and~~ focus efforts to minimize the impacts of rural development, and to identify selected locations where acquisition of open space easements or land in fee title will be pursued by the City or other public agencies. The Greenbelt includes public spaces and private properties that have importance for one or more environmental reasons, including visual prominence, earthquake hazard-related limitations, and steep slopes. The Greenbelt areas are non-urban lands which are located primarily in the unincorporated County area, outside of around the City. ~~The Greenbelt designation is intended to be permanent.~~ Designation as Greenbelt does not change the development potential or restrictions imposed under applicable Santa Clara County or City development policies and regulations. ~~In the Valley floor east of Highway 101 and south of San Pedro, the aims of the Greenbelt will be achieved through visual corridors, parks, hiking and bicycle trails and other open areas.~~

The KBT proposal uses a different definition of Greenbelt. For KBT, the Greenbelt is all land outside the ULL. KBT do not make a differentiation between the predominately hillside Greenbelt areas and land close to or in the valley floor. The Advisory Committee concluded that much of the flatter land outside the ULL was developed as residential sites, many of which are five acres or smaller. These rural residential sites did not fit the Committee’s definition of Greenbelt. There was also a concern that applying the Greenbelt designation to these residential areas could impact real estate transactions by, for some people, creating confusion about the impact of the “Greenbelt” description on future use of land. The Committee designated specific Greenbelt areas, most of which are hillside locations.

2. LOCATION OF THE URBAN LIMIT LINE

Staff recommends that the Advisory Committee’s ULL be adopted except to follow Hill Road between Half Road and the City limits north of Dunne Avenue.

West of Highway 101, the Advisory Committee’s ULL closely follows the Urban Growth Boundary (UGB) with three exceptions: a) the Edmundson/DeWitt/Sunset area; b) a 17-acre site on Watsonville Road west of Santa Teresa Boulevard; and c) all the land north of the Madrone Business Park.

East of Highway 101, the Advisory Committee’s ULL places notable areas that are outside the UGB inside the ULL, including the Vista de Lomas/Peebles Avenue area and land between Half Road and Diana Avenue, as well as an extensive area north of Hill Road below the 460 foot elevation. In the SEQ, there is no identified ULL. The location of the ULL in the SEQ would result from the Area Plan.

Staff disagrees with the Advisory Committee’s inclusion in the ULL of the eastern foothills from the 460 foot elevation west to Hill Road. This area has a similar parcel and development pattern as other unincorporated areas that are outside the ULL. There is no indication that property owners in this area want higher density urban development. Inclusion of the area would send a confusing signal to property owners and future City decision makers regarding the intended development of this area.

3. LOCATION OF THE GREENBELT

Staff recommends that the Advisory Committee's six recommended Greenbelt areas be incorporated into the General Plan as a diagram within the Plan but not as part of the Land Use Map as a "designation".

The Advisory Committee identified six Greenbelt areas:

- San Jose's Coyote Valley Greenbelt and the Coyote Creek Park chain to the north of the City's Sphere of Influence;
- The foothills on the eastern and western sides of the valley, including El Toro;
- The western side of El Toro and foothills on the western side of Paradise Valley;
- The hill and surrounding land in the area bounded by Edmundson, DeWitt and Sunset Avenues;
- The hill south of Edmundson Avenue and north of Sycamore Avenue; and
- Silveria Park and the adjacent City-owned land along Llagas Creek.

For the SEQ, the Advisory Committee's intent is that the Greenbelt be achieved through enhanced landscape features including both private property such as street setbacks and development-related design features such as trails and public sector park improvements.

4. NEED FOR MEASURE C AMENDMENT AND/OR BALLOT MEASURE(S)

Staff recommends that there is no need to amend Measure C to implement the Advisory Committee or staff recommendations. In the future, the City may need to evaluate the possible need for/value of a ballot measure, if an open space mitigation requirement is pursued.

The Advisory Committee does not assume any amendments to Measure C. For the SEQ, the impacts of development timeframes is to be assessed and the need for amendment of Measure C is to be evaluated.

5. SOUTHEAST QUADRANT LAND USES

Staff recommends deferring planning for the SEQ until completion of the Industrial Land Market Study.

After completion of the ILMS, staff recommends the City:

- assess the need to plan for a limited amount of future urban growth or to pursue planning for larger scale urban development in the SEQ; and
- decide whether addressing SEQ issues is appropriate as a separate set of actions or should be considered as part of the next major update of the General Plan.

6. PRIORITY FOR OBTAINING TITLE OR CONSERVATION EASEMENTS OVER GREENBELT LANDS; AND STUDY OF FUNDING/IMPLEMENTATION MECHANISMS

Staff recommends the Advisory Committee's recommendations regarding acquisition of land and recommends doing further study of funding mechanisms after completion of the Industrial Land Market Study.

The Advisory Committee recommends a targeted program for acquisition of Greenbelt land in fee title or conservation easements with first priority being the east side of El Toro, the Edmundson/DeWitt/Sunset area and undeveloped hillside parcels on the east side of the valley north of Dunne Avenue. Existing Transfer of Development Credit (TDC) fees and the Open Space Authority local funding program would be used. An Open Space impact fee for new development should be considered. Grants and the possibility of using General Obligation Bonds should be explored. Minimal to no use of the City's General Fund is assumed.

7. AMENDMENTS TO URBAN GROWTH BOUNDARY

Staff recommends approval of the Advisory Committee's proposed General Plan amendments including modifications to the UGB.

The Advisory Committee recommends amendment of the General Plan to address modifications of text, Policies and Actions consistent with their recommendations. The specific wording of General Plan amendments will be drafted by staff as part of initiating the environmental review process.

There are five recommended amendments to the Urban Growth Boundary, including:

1. Removing the Boy's Ranch area from the UGB;
2. Adjusting the UGB on El Toro to be coterminous with the Urban Service Area;
3. Adding 20 acres to the UGB west of Sunset Road as part of securing open space easements on a significant portion of the Edmundson/DeWitt/Sunset area;
4. Removing from the UGB a site on Water Avenue; and
5. Removing an approximately 20 acre parcel west of Casino Real because the site has an open space easement.

The Committee recommends continuing the General Plan provision that the UGB can be amended in the Greenbelt process to future actions on the SEQ Area Plan.

The next section will present a compilation of all staff recommendations, including the staff recommendations regarding each of the written letters/requests addressed in Attachment III of the Informational Booklet. This next section includes the staff-recommended "Project Description" for the General Plan Amendment that would establish the Urban Limit Line, amend the Urban Growth Boundary, and incorporate a Greenbelt Diagram and Policies.

E. COMPILATION OF STAFF RECOMMENDATIONS, INCLUDING THE “PROJECT DESCRIPTION” FOR THE GENERAL PLAN AMENDMENT THAT WOULD ESTABLISH THE URBAN LIMIT LINE, AMEND THE URBAN GROWTH BOUNDARY, AND INCORPORATE A GREENBELT DIAGRAM AND POLICIES

The following staff recommendations include issues addressed in the preceding analysis as well as more detailed information in the attached comparison table and responses to written letters/requests.

Staff's recommendations address both immediate and future City Council actions for moving the Urban Limit Line/Greenbelt Program forward into implementation.

Recommended Actions: (to be carried out during FY 2005-06)

- I. For all of the city's Sphere of Influence area *except for the Southeast Quadrant*, accept the following staff-recommended “project description” for a General Plan Amendment, and direct filing of the application and preparation of environmental review. The GPA amendment will include establishment of the Urban Limit Line, amendment of the Urban Growth Boundary line, and incorporation of a Greenbelt diagram and policies, as detailed below:
 - A. A modified definition of the Urban Limit Line as described in Section I.D. of the Staff Analysis;
 - B. A modified definition of Greenbelt as described in Section I.D. of the Staff Analysis;
 - C. Proposed General Plan Amendment to include the following staff-recommended components:
 1. Regarding location of the ULL, staff recommends the Line as recommended by the Advisory Committee with one exception for the area east of Highway 101. The ULL is recommended to follow Hill Road for the area between Half Road and Dunne Avenue.
 2. Modifying the Greenbelt section of the Open Space and Conservation Chapter (page 85-86) to add a new Greenbelt and Urban Limit Line section including text, policies and actions related to the Greenbelt and Urban Limit Line.
 3. Modifying the Agricultural section to address the infeasibility of, in the longer term, continuation of agricultural activities in the area south of San Pedro Avenue and east of Highway 101.
 4. Modifying Community Development Goal 3 Policies, including Policy 3b to reflect Greenbelt actions in the southwest area and adding a new Policy 3d regarding the ULL and Greenbelt.
 5. Adding specific policies regarding:
 - a. Development of the Vista de Lomas area with parcels of approximately 2.5 acres when the area qualifies for annexation to the City;
 - b. Development on the Kruse Ranch Lane property;
 - c. Development in the Edmundson/DeWitt/Sunset area; and
 - d. The intent of the location of the Urban Limit Line and Urban Growth Boundary in relation to the Greenbelt on El Toro, the area north of Malaguerra Avenue and the site on Water Avenue near Silveria Park.

6. Amend an approximately 20 acre area west of Sunset from Rural County to Single Family Low (1 to 3 dwelling units per acre).
7. Modifying other General Plan references to Greenbelt issues.

D. Amendment of the Urban Growth Boundary including:

1. Boy's Ranch Area: the UGB should be amended to exclude the area north of Malaguerra Avenue (see Map 3 in the Committee's Final Report).
2. El Toro: The UGB should be adjusted to be coterminous with the Urban Services Area (see Map 4 in the Committee's Final Report).
3. Edmundson/DeWitt/Sunset Area: West of Sunset Road, amend the Urban Growth Boundary to include a maximum of 20 acres. All of the 20 acres must consist of land with a slope of 10 percent or less (see Map 6 in the Committee's Final Report).
4. Water Avenue Site: A parcel on Water Avenue is the only parcel that is inside the UGB and slopes steeply away from potential City utilities. It would be difficult to service with City sanitary sewer service. The site and adjacent area are recommended to be outside the Urban Limit Line. The Advisory Committee recommends that the UGB be amended to exclude the site (see Map 5 in the Committee's Final Report).
5. Open Space parcel west of Casino Real: A major portion of an approximately 20-acre parcel was placed under an open space easement as the result of adjacent residential development in the City. The site is recommended to be part of the Greenbelt and removed from the UGB. The site will remain in the Urban Service Area (USA) as an historic anomaly rather than process a USA amendment with the Santa Clara County Local Agency Formation Commission (see Map 7 in the Committee's Final Report).

E. The above components would reflect the staff recommendations contained in Section III of the Informational Booklet related to the responses to written letters/requests regarding the "site specific" matters; as well as those additional staff recommendations contained in Section II.B. of the Informational Booklet, the Comparison Table/Matrix.

The General Plan amendments and environmental review would be reviewed by the Planning Commission and City Council at public hearings.

- II. Direct staff to initiate consultant selection activities for the Industrial Land Market Study (ILMS), to address existing and potential industrial lands within the city's sphere of influence. The consultant's report, developed in coordination with City staff, would be reviewed by the Planning Commission and City Council.
- III. Direct staff to work with Santa Clara County on county development regulations related to reducing the visual impacts of new hillside development.

Recommended Future Activities

SOUTHEAST QUADRANT. Staff believes that it is premature to take any actions regarding the Southeast Quadrant (SEQ) until after the recommended Industrial Land Market Study (ILMS), at which time the Planning Commission and City Council will be able to consider its conclusions and determine *whether, to what extent, and when* the SEQ should be planned for future urban development. The range of choices to be considered at that time could include, but not be limited to:

- The Council could determine that the only urban development desired for the SEQ is an industrial park in the vicinity of the 101/Tennant interchange, and that the rest should be “Rural County”; likely to be a mix of small agricultural and rural residential uses. The Council would then provide direction for location and timing of applying the industrial land designation/prezoning.
- The Council could determine that more, or even all, of the SEQ should be held in reserve for urban development. In that case, the Council should provide direction at that time regarding whether further study of urban uses should occur as part of the next General Plan Update, or at some other time.
- In light of the above considerations, the Council could consider in the future whether a program to acquire land and/or conservation easements in the SEQ area is desired as part of the city’s “greenbelt” program, or whether reliance on existing parcel pattern and County zoning (any new parcels could not be less than 20 acres) is adequate. It is estimated that under existing County zoning there is potential for an additional 80 dwelling units in the SEQ.

GREENBELT FINANCING AND IMPLEMENTATION PROGRAM. Staff believes that the City Council will need to complete the ILMS, complete the General Plan Amendment, and have the above “Southeast Quadrant Discussion”, before further, more detailed analysis of greenbelt financing and implementation options can occur. This means that staff is suggesting that the ULL/Greenbelt Work Program will consist of the Industrial Land Market Study and General Plan Amendment/environmental review during FY 2005-06; with further analysis and discussion of financing and implementation options occurring the following year.

The assignment would include analysis and recommendations regarding existing and potential greenbelt funding and implementation mechanisms. This phase of the greenbelt program would address staffing, including investigation of the possibility of contracting for services with another agency. When the City Council discusses this matter next year after completion of the Industrial Land Market Study and ULL-Greenbelt General Plan Amendment, consideration should be given to creating a Task Force to assist staff with developing a greenbelt financing and implementation program.

II. COMPARATIVE ANALYSIS OF FIVE ALTERNATIVE PROPOSALS

On April 20, 2005, the City Council requested that staff prepare an evaluation of Urban Limit Line/Greenbelt issues including a comparison matrix addressing equally the following three alternatives:

- The Advisory Committee recommendations;
- The KBT proposal; and
- A proposal submitted in Fall 2004 by a group of property owners in the Southeast Quadrant (i.e., the area bounded by Highway 101, San Pedro Avenue, Maple Avenue and Carey Avenue).

Staff has added two alternatives:

- The current approach to urban containment as guided by the General Plan, and
- Staff Recommendations.

Reliance on the current General Plan has been added to identify future actions should none of the alternatives be adopted. Staff has added recommendations to the Matrix for each of the factors analyzed.

The fifteen factors are used in the matrix relate to the Advisory Committee's recommendations and significant areas of difference between the five alternatives.

The following text highlights key aspects of the five alternatives focusing on the location of the ULL, location of the Greenbelt, Measure C/Ballot issues, SEQ land uses, and implementation.

1. LOCATION OF THE URBAN LIMIT LINE

West of Highway 101, the Advisory Committee's ULL closely follows the Urban Growth Boundary (UGB) with three exceptions: the Edmundson/DeWitt/Sunset area, a 17 acre site on Watsonville Road west of Santa Teresa Boulevard and all the land north of the Madrone Business Park. East of Highway 101, notable areas outside the UGB that the Committee placed inside the ULL are the Vista de Lomas/Peebles Avenue area and land between Half Road and Diana Avenue as well as an extensive area east of Hill Road below the 460 foot elevation. In the SEQ, there is no identified ULL. The location of the ULL in the SEQ would result from the Area Plan.

West of Highway 101, the KBT proposal is the same as the Advisory Committee. East of Highway 101, KBT places three areas outside the ULL that the Committee has inside the ULL: the Vista de Lomas/Peebles Avenue area; the single family designated area north of Half Road; and land east of Live Oak High School from Half Road to Diana Avenue. In the SEQ, the only area inside the ULL is possibly an industrial park near Tennant Avenue and Murphy Avenue if there is a need for the land and an alternative location is not found.

The Southeast Quadrant Property Owners have all of the SEQ inside the ULL.

The General Plan does not address an ULL.

Staff recommends that the Advisory Committee's ULL be adopted except to follow Hill Road between Half Road and the City limits north of Dunne Avenue.

2. LOCATION OF THE GREENBELT

The Advisory Committee identified six Greenbelt areas:

- San Jose's Coyote Valley Greenbelt and the Coyote Creek Park chain to the north of the City's Sphere of Influence;
- The foothills on the eastern and western sides of the valley, including El Toro;
- The western side of El Toro and foothills on the western side of Paradise Valley;
- The hill and surrounding land in the area bounded by Edmundson, DeWitt and Sunset Avenues;
- The hill south of Edmundson Avenue and north of Sycamore Avenue; and
- Silveria Park and the adjacent City-owned land along Llagas Creek.

For the SEQ, the intent of the Greenbelt is to be achieved through enhanced landscape features including both private property such as street setbacks and public property including such items as trails and public parks. Total area devoted to landscape features would be between 30 and 40 percent of the 1,200 acres in the SEQ.

The KBT proposal identifies all land that is outside the ULL as Greenbelt land. In the SEQ all land would be part of the Greenbelt with the exception of a future 200 acre industrial park, if needed.

The Southeast Quadrant Property Owners accept, for the SEQ, the Advisory Committee's concept of having Greenbelt policies addressed through landscape design features and public land but with a smaller amount of Greenbelt land.

The General Plan does not identify Greenbelt areas.

Staff recommends that the Advisory Committee's recommended Greenbelt areas be incorporated into the General Plan as a map within the Plan but not as part of the Land Use Map.

3. MEASURE C/BALLOT MEASURES

The Advisory Committee does not assume any amendments to Measure C. For the SEQ, the impacts of development timeframes is to be assessed and the need for amendment of Measure C is to be evaluated.

The KBT proposal calls for an amendment to Measure C be submitted to the votes to incorporate their mitigation programs for loss of open space land (i.e., a requirement that developers of any vacant land provide the City with an equivalent amount of land outside the ULL either via a conservation easement or in fee title). Their proposal indicates that a second ballot measure may be needed to establish a mitigation program for nonresidential development. KBT also proposes that the ULL be adopted through a ballot measure.

The Southeast Quadrant Property Owners want to have Measure C amended to allow for near-term residential development in the SEQ and to reserve a specific number of permits for the area.

Staff recommends that there is no need to amend Measure C to implement the Advisory Committee or staff recommendations. In the future, the City may need to evaluate the possible need for/value of a ballot measure for an open space mitigation requirement is pursued.

4. SOUTHEAST QUADRANT LAND USES

The Advisory Committee recommends that an Area Plan be developed for the SEQ with the following allocation of land uses:

- Industrial/Business Park: 200 +/- acres
- Commercial: 45 +/- acres
- Large Lot Residential (existing): 130 acres
- Parks, trails, creek corridors and scenic setbacks: 375 to 500 +/- acres
- Varying residential densities: 375 to 500 +/- acres with up to 2,000 dwelling units

Specific plans would refine the Area Plan and establish implementation rules and expectations.

KBT does not propose an Area Plan. Land for an industrial park would be accommodated if the Industrial Land Market Study indicates that industrial land in the SEQ is warranted.

The Southeast Quadrant Property Owners concur with the idea of an Area Plan but want increased acreage for urban uses and decreased amounts of open space. Specific plans would refine the Area Plan with an initial focus on industrial and commercial areas.

The current General Plan would permit an Area Plan if the City wished to prepare one. However, there would be no requirement to have the Area Plan. The area near Tennant Avenue and Highway 101 that is currently inside the Urban Growth Boundary would remain within the UGB but creation of an industrial park would require future UGB and General Plan amendments. Other urban uses in the SEQ could also occur with General Plan amendments and annexation-related approval by LAFCO .

Staff recommends deferring planning for the SEQ until completion of the Industrial Land Market Study. After completion of the ILMS, staff recommends the City:

- assess the need to plan for a limited amount of future urban growth or to pursue planning for larger scale urban development in the SEQ; and
- decide whether addressing SEQ issues is appropriate as a separate set of actions or should be considered as part of the next major update of the General Plan.

5. IMPLEMENTATION---LAND ACQUISITION

The Advisory Committee recommends a targeted program for acquisition of Greenbelt land in fee title or conservation easements with first priority being the east side of El Toro, the Edmundson/DeWitt/Sunset area and undeveloped hillside parcels on the east side of the valley north of Dunne Avenue. Existing Transfer of Development Credit (TDC) fees and the Open Space Authority local funding program would be used. Consideration of an Open Space impact fee for new development is also recommended. Grants and the possibility of using General Obligation Bonds should be explored. Minimal to no use of the City's General Fund is assumed.

KBT proposes a new open space mitigation program that would require developers of any vacant land to provide “open space land” through conservation easements or in fee title. State law (Government Code Section 66000 et seq.) requires that a City establish a reasonable relationship between the development project on which a fee is imposed and the fee’s use and the need for the public facility or use. In addition, State law requires a reasonable relationship between the amount of the fee and the cost of the public facility or use attributable to the project. Compliance of the KBT proposal with State law would need to be evaluated.

The KBT proposal does not address the continuation of the TDC program, Open Space Authority fees, use of grants, General Obligation Bonds and the General Fund.

The Southeast Quadrant Property Owners want future public land identified in the Area Plan and public purchase of all open space land that is not required as a condition of development approval.

Based on General Plan policies, the City’s first priority land acquisition is assumed to continue to be El Toro.

Staff recommends the Advisory Committee’s recommendations regarding acquisition of land and recommends doing further study of funding mechanisms after completion of the Industrial Land Market study.

6. IMPLEMENTATION—GENERAL PLAN INCLUDING URBAN GROWTH BOUNDARY AMENDMENTS

The Advisory Committee recommends amendment of the General Plan to address modifications of text, Policies and Actions consistent with their recommendations. The specific wording of General Plan amendments will be drafted by staff as part of initiating the environmental review process.

There are five recommended amendments to the Urban Growth Boundary including:

1. Removing the Boy’s Ranch area from the UGB;
2. Adjusting the UGB on El Toro to be coterminous with the Urban Service Area;
3. Adding 20 acres to the UGB west of Sunset Road as part of securing open space easements on a significant portion of the Edmundson/DeWitt/Sunset area;
4. Removing from the UGB a site on Water Avenue; and
5. Removing an approximately 20-acre parcel west of Casino Real because the site has an open space easement.

The Committee recommends continuing to the SEQ Area Plan the General Plan provision that the UGB can be amended in the Greenbelt process.

KBT and the Southeast Quadrant Property Owners do not address Urban Growth Boundary amendments. Other than the current study, the General Plan limits amendment of the UGB to major General Plan updates.

Staff recommends the Advisory Committee’s proposed General Plan amendments including modification of the UGB recommendations.

ASSESSMENT OF URBAN LIMIT LINE/GREENBELT ALTERNATIVES

Abbreviations

Urban Growth Boundary---UGB

Urban Limit Line---ULL

Southeast Quadrant---SEQ

| Factor | Advisory Committee Recommendation | Kennett, Beasley and Tichinin Proposal | Southeast Quadrant Property Owners Recommendations | Reliance on the General Plan | Staff Recommendation |
|--|--|--|--|---|---|
| 1. Location of the ULL outside the SEQ | <p>ULL generally follows the UGB west of Highway 101---notable exceptions that are inside the ULL include:</p> <ul style="list-style-type: none"> • Edmundson/DeWitt/Sunset area; • A 17 acre site on Watsonville Road (located west of Santa Teresa); and • All land between the Madrone Business Park and the Sphere of Influence north of Burnett Avenue; <p>East of Highway 101, notable areas outside the UGB that are inside the ULL include:</p> <ul style="list-style-type: none"> • the Vista de Lomas/Peebles Avenue area with larger parcels; and • Between Half Road and Dunne, includes all land below 460 foot elevation including land east of Live Oak High School and the Kruse Ranch Lane site. | <ul style="list-style-type: none"> • ULL west of Highway 101 same as Committee recommendations. <p>East of Highway 101 differences from the Committee recommendations include:</p> <ul style="list-style-type: none"> • Vista de Lomas/Peebles Avenue area outside the ULL. • Residential Estates and Low Density Residential land north of Half Road excluded from ULL. • Land east of Live Oak High School from Half Road to Diana Avenue excluded from ULL. | Not applicable | <ul style="list-style-type: none"> • No ULL. • UGB amendments can be considered in future major General Plan updates. | Accept the Advisory Committee recommended Urban Limit Line except to follow Hill Road between Half Road and the City limits north of Dunne Avenue. |
| 2. Location of the ULL inside the SEQ | No ULL identified for area north of Maple Avenue between Carey Road and Highway 101 until Area Plan is prepared. | All of SEQ outside the ULL except possibly an area near Tennant and Murphy Avenue intersection for an industrial park (KBT map is precise in this area but intent is to leave option open for approximately | All of the SEQ should be inside the ULL with urban land use designations determined in a future Area Plan. | No ULL | Defer determining the location of the ULL in the SEQ until either a land use study following completion of the Industrial Land Market Study or the next major update of the General Plan. |

| Factor | Advisory Committee Recommendation | Kennett, Beasley and Tichinin Proposal | Southeast Quadrant Property Owners Recommendations | Reliance on the General Plan | Staff Recommendation |
|---|---|--|--|--|---|
| Factor 2 continued | | 200 acres of industrial land if the future Industrial Land Market Study determines a need for industrial land and this area was the preferred location). | | | |
| 3. Number of acres outside the ULL | 8,300 acres (rounded) | 9,000 acres (rounded) | Not applicable | Not applicable | 8,600 acres (rounded) |
| 4. Number of acres in the ULL that are outside the UGB | 2,200 acres (rounded) | 1,500 acres (rounded) | | | 1,900 acres (rounded) |
| 5. Cochrane Road Assessment District | Land included inside the ULL | Land designated Residential Estates and Single Family Low located north of Half Road that is inside the UGB as a result of the Cochrane Road Assessment District decision is excluded from ULL. | Not applicable | All Cochrane Road Assessment District land remains inside the UGB and retains the Residential Estate or Single Family Low Residential land use designations. | Endorse the Committee recommendation |
| 6. Location of the Greenbelt outside the Southeast Quadrant | <ul style="list-style-type: none"> San Jose's Coyote Valley Greenbelt and the Coyote Creek Park chain to the north of the City's Sphere of Influence; The foothills on the eastern and western sides of the valley, including El Toro; The western side of El Toro and foothills on the western side of Paradise Valley; The hill and surrounding land in the area bounded by Edmundson, DeWitt and Sunset Avenues; The hill south of Edmundson Avenue and north of Sycamore Avenue; and Silveira Park and the adjacent City-owned land along Llagas Creek. | Greenbelt defined as all unincorporated land within the Sphere of Influence that is outside the ULL. The Advisory Committee's specific Greenbelt sites are not part of the KBT written proposal. See also factor 10. | Not applicable | The Greenbelt section of the General Plan has policies to define the urban area from adjacent cities and create a permanent Greenbelt but no specific locations are identified. The Plan's text related to Open Space calls for preserving a variety of land types but no specific sites are identified other than Open Space land on the Land Use Plan Map and no specific land preservation priorities are identified. | Incorporate the Committee identified Greenbelt areas into the General Plan as a map within the Plan and not part of the Land Use Map. Land uses in Greenbelt area would continue to be those allowed by applicable zoning, which for most Greenbelt land, is Santa Clara County zoning. |

| Factor | Advisory Committee Recommendation | Kennett, Beasley and Tichinin Proposal | Southeast Quadrant Property Owners Recommendations | Reliance on the General Plan | Staff Recommendation |
|---|---|--|--|---|---|
| 7. Location of the Greenbelt inside the Southeast Quadrant | “Greenbelt” is to be feature of the Enhanced Rural Landscape concept totaling between 375 and 500 acres of the 1,200 acres in the SEQ. Greenbelt to include design elements such as expanded street setbacks, trails and parks. | All of the SEQ would be considered Greenbelt except for a possible industrial park if the Industrial Land Market Study results in the conclusion that an industrial park is needed. All Greenbelt land would continue to be able to develop under County development polices and regulations. | Greenbelt concept similar to Advisory Committee recommendation but with less Greenbelt land. | No identified Greenbelt | Defer Greenbelt-related decisions until either a land use study following completion of the Industrial Land Market Study or the next major update of the General Plan. |
| 8. How much land in the Greenbelt | 6,500 acres | 9,000 acres | To be determined in the Area Plan process | Not applicable | Endorse the Advisory Committee recommendation except for the SEQ (see # 7 above). |
| 9. Measure C ballot measure/Measure C amendment issues and assumptions | Impact of development timeframes to be assessed; no amendment of Measure C assumed; need for amendment of Measure C for the SEQ to be evaluated as part of the SEQ Area Plan. | Amendment of Measure C to adopt a mitigation program for loss of open space land (intent is to have mitigation apply to all vacant land converted to urban uses; may need two ballot measures to address residential in Measure C and non-residential in a separate measure). In addition to Measure C, intent is to have the ULL be approved by the voters. | Amend Measure C to provide for an additional allocation of housing units for the SEQ to accelerate urban development. | Measure C continues without amendment. | Do not pursue amending Measure C to increase the amount of housing authorized either throughout the City or within the SEQ. If, as part of financing the Greenbelt, an open space mitigation requirement is pursued, consider the possible need for/value of a ballot measure. |
| 10. Assumptions/expectations regarding the amount of public sector land acquisition | <ul style="list-style-type: none"> Targeted program for acquisition of Greenbelt land in fee title or conservation easements; No acreage targets set; Acquisition principles and polices on pages 37-42 of Final Recommendations; and Highest priority acquisition areas are east side of El Toro, Edmundson/DeWitt/Sunset area, and undeveloped hillside parcels on the east side of the valley north of Dunne Avenue. | <ul style="list-style-type: none"> Land acquisition would be primarily through developer acquisition of land or conservation easements within the Greenbelt (i.e. Greenbelt defined as all land outside the ULL) as part of development process. No priority acquisition areas identified but that could be done by the City by allowing land/easement acquisitions in certain areas and/or giving incentives to secure them in certain areas. | <ul style="list-style-type: none"> SEQ public land would be identified in the Area Plan process. Open space land that is not required as a condition of development approval would be purchased by the public. Extent of future public purchase obligations would be determined in the Area Plan. | Land acquisition priority would continue to be eastern flank of El Toro | Endorse the Advisory Committee recommendations. |

| Factor | Advisory Committee Recommendation | Kennett, Beasley and Tichinin Proposal | Southeast Quadrant Property Owners Recommendations | Reliance on the General Plan | Staff Recommendation |
|---|--|--|---|---|--|
| 11. Assumptions/expectations regarding funding sources for public sector land acquisition | <ul style="list-style-type: none"> Existing in lieu fees for Transfer of Development Credits (yielding about \$225,000 +/- per year); Open Space Authority local funding program (yielding about \$20,000 per year but will increase to \$60,000 +/- if Authority prevails in lawsuit); Open Space impact fee for new development should be considered; Grants should be pursued; and General Obligation bonds should be considered Assumption is minimal to no use of City General Fund | <ul style="list-style-type: none"> A new open space land mitigation program would require developers provide land (very likely that land developers would request an in lieu fee). TDC payments may continue depending on how the approval priority system is structured. Not stated but assumption is that Open Space Authority fees would continue. Open Space impact fee dropped from proposal. Grants not addressed General Obligation bonds not addressed Use of General Fund not addressed | <ul style="list-style-type: none"> “A greenbelt or open space acquisition fund that would be paid for by all the people in Morgan Hill.” Cite either use of property tax, property transfer fee or a bond measure. (found that property transfer tax was not currently feasible.) A “detailed program for acquisition and funding of open space” is needed. | <p>TDC in lieu fees and Open Space Authority fees would continue.</p> <p>Continue current City staff administration of TDC in lieu fees and Open Space Authority fees</p> | <p>Endorse the Advisory Committee recommendations with change of the third bullet to read:</p> <ul style="list-style-type: none"> Open Space mitigation program including an in lieu fee for new development should be considered; |
| 12. SEQ land uses | <p>Area Plan to develop specific land uses within recommended framework of:</p> <ul style="list-style-type: none"> Industrial/Business Park: 200 +/- acres Commercial: 45 +/- acres Large Lot Residential (existing): 130 acres Parks, trails, creek corridors and scenic setbacks: 375 to 500 +/- acres Varying residential densities: 375 to 500 +/- acres <p>Use specific plans to refine the Area Plan and establish implementation rules and expectations</p> | No Area Plan; accommodate land for industrial park if Industrial Land Market Study indicates it is warranted. | <ul style="list-style-type: none"> Area Plan with increased acreage for urban uses and decreased open space. Use a series of specific plans with initial focus on industrial and commercial uses. | <ul style="list-style-type: none"> No Area Plan; Area near Tennant/Highway 101 interchange would remain in the UGB with a Rural County land use designation. UGB amendments could be considered in future major General Plan updates | <p>Defer planning for the SEQ until completion of the Industrial Land Market Study in 2005-06. As part of reviewing the ILMS:</p> <ul style="list-style-type: none"> assess the need to plan for a limited amount of future urban growth or to pursue planning for larger scale urban development in the SEQ, and decide whether addressing SEQ issues is appropriate as a separate set of actions or should be considered as part of the next major update of the General Plan. |
| 13. Policy and Regulatory implementation assumptions outside the SEQ | <ul style="list-style-type: none"> Amendments to the City’s General Plan including modified Greenbelt Policies and Actions, Urban Limit Line Policies and Actions, modified Agricultural Policies and | <ul style="list-style-type: none"> Issue not addressed but staff assumes that General Plan amendments will be in similar areas of the Plan as the Committee Recommendations. | Not applicable | <ul style="list-style-type: none"> Assumption that Greenbelt Policies and Actions would be addressed in the next major General Plan update. | Endorse the Advisory Committee recommendations. |

| Factor | Advisory Committee Recommendation | Kennett, Beasley and Tichinin Proposal | Southeast Quadrant Property Owners Recommendations | Reliance on the General Plan | Staff Recommendation |
|---|--|---|---|---|--|
| Factor 13 continued | <p>actions and site specific amendments identified below:</p> <ul style="list-style-type: none"> Amendments to the Urban Growth Boundary including adjustments to have the UGB be consistent with the City's open space planning, removing the area east of Malaguerra Avenue, removing a parcel on Water Avenue that would be very difficult to provide with sanitary sewer service and adding a 20-acre residential area west of Sunset Avenue. Work with Santa Clara County on modification of development review policies and procedures to minimize the visual impacts of future development in hillside areas. Develop a Greenbelt implementation program addressing staffing and resources | <ul style="list-style-type: none"> Issue not addressed but staff assumes the same amendments as the Committee recommendations. Propose a more specific City-County agreement on hillside development rules and regulations. Implementation program not addressed | | <ul style="list-style-type: none"> UGB amendments would be considered in the next major General Plan update. City staff would work with Santa Clara County staff on unincorporated and especially hillside development regulations as part of current County staff study. No Greenbelt implementation program. | |
| 14. Policy and Regulatory implementation assumptions inside the SEQ | <ul style="list-style-type: none"> Prepare an Industrial Land Assessment Study that assesses the suitability of existing General Plan industrial land for meeting future needs. Prepare an Area Plan Strategy and Work Program Prepare an Area Plan. Use specific plans to refine the Area Plan and establish implementation rules and expectations | <ul style="list-style-type: none"> Recommend doing the Industrial Land Assessment Study No Area Plan. However, prepare General Plan amendment if additional industrial park is needed as determined by the Industrial Land Market Analysis. | <ul style="list-style-type: none"> Measure C amended to accelerate housing in the SEQ; Permit industrial/business park and commercial to move ahead and be timed to market conditions; Increase the size of the industrial or commercial areas and reduce open space requirements; Develop a detailed program for acquisition and funding of open space; Use a series of specific plans with emphasis on land uses that will be annexed first; and | <p>Industrial Land Assessment Study could be undertaken in preparation for the next major General Plan update.</p> | <p>Defer planning for the SEQ until after completion of the Industrial Land Assessment Study in 2005-06. As part of reviewing the ILAS:</p> <ul style="list-style-type: none"> assess the need to plan for a limited amount of future urban growth or to pursue planning for larger scale urban development in the SEQ, and decide whether addressing SEQ issues is appropriate as a separate set of actions or should be considered as part of the next major update of the General Plan. |

| Factor | Advisory Committee Recommendation | Kennett, Beasley and Tichinin Proposal | Southeast Quadrant Property Owners Recommendations | Reliance on the General Plan | Staff Recommendation |
|--|---|--|--|---|---|
| Factor 14 continued | | | <ul style="list-style-type: none"> Clarify City and County development policies and regulations during any interim period prior to annexation | | |
| 15. Site Specific issues | | | | | |
| 15a. Edmundson, DeWitt and Sunset Site | Amend the General Plan and UGB to allow 20 acres west of Sunset to become Single Family Low Density Residential in exchange for committing about 85 hillside and hilltop acres to open space and having four residential sites developed in the County. | Not stated but staff assumes to be the same as the Committee recommendation. | Not applicable | General Plan amendments could be undertaken but UGB amendments would need to wait for the next major General Plan update. | Endorse the Advisory Committee recommendation. |
| 15b. SEQ Industrial Park | Place a policy in the General Plan to have a future approximately 200 acre industrial park near the intersection of Tennant and Murphy Avenues | Not stated but staff assumes to be the same as the Committee recommendation. | Place the entire SEQ inside the ULL and either have industrial area larger than 200 acres or less open space land. | SEQ industrial park could be considered in next major General Plan update. | Defer until completion of the Industrial Land Assessment Study. |
| 15c. El Toro | Adjust the UGB to be coterminous with the Urban Services Area. | Not stated but staff assumes to be the same as the Committee recommendation. | Not applicable | City Open Space policies would continue. | Endorse the Advisory Committee recommendation. |
| 15d. Water Avenue site | Remove from the UGB one south sloping parcel. | Not stated but staff assumes to be the same as the Committee recommendation. | Not applicable | Amendment of UGB could be considered in next major General Plan update. | Endorse the Advisory Committee recommendation. |
| 15e. Boy's Ranch area | Amend the UGB to exclude the area north of Malaguerra Avenue. | Not stated but staff assumes to be the same as the Committee recommendation. | Not applicable | Amendment of UGB could be considered in next major General Plan update. | Endorse the Advisory Committee recommendation. |
| 15f. Open Space parcel west of Casino Real | Amend the UGB to remove about 20 acres that has an open space easement. | Not stated but staff assumes to be the same as the Committee recommendation. | Not applicable | Amendment of UGB could be considered in next major General Plan update. | Endorse the Advisory Committee recommendation. |
| 15g. Vista De Lomas/Peebles Avenue area | Have a General Plan policy that the area inside the ULL should have parcels of about 2.5 acres when the area is annexed. | Area would be outside the ULL; no policy needed since future land uses would be regulated by the County. | Not applicable | Amendment of UGB could be considered in next major General Plan update. | Endorse the Advisory Committee recommendation. |
| 15h. Kruse Ranch Lane site | Have a General Plan policy that development of four lots should be located in the site's lower elevations. | Not stated but staff assumes to be the same as the Committee recommendation. | Not applicable | Area would remain inside the UGB without a policy for location of future lots/housing sites. | Endorse the Advisory Committee recommendation. |

URBAN LIMIT LINE / GREENBELT STUDY

III. RESPONSES TO WRITTEN LETTERS AND REQUESTS

At the April 20, 2005 City Council meeting, three letters were received regarding the Urban Limit Line/Greenbelt Study Final Advisory Committee Report. After receiving the letters and testimony, the Council directed staff to analyze the requests and provide recommendations for each of them. Subsequent to the April 20th meeting, three additional letters were received. Following is a summary of the requests contained in each of the six letters, and staff's responses and recommendations regarding each of them. The original letters are attached to this memo for Council reference.

LETTER FROM JEFFREY HARE REPRESENTING TRUSTEES OF NICK SR. AND JACKIE BORINA TRUST

Mr. Hare's letter is written on behalf of the Borina Trust that owns 5 acres of land at the intersection of Hill Road and Tennant Ave. in the area known as the Southeast Quadrant. Mr. Hare's letter raises three basic issues regarding the Advisory Committee's recommendations. A copy of that letter is attached as Attachment 1. The issues raised by Mr. Hare and staff's responses are discussed below.

Issue 1: Mr. Hare believes the Committee's recommendations "fail to recognize or address the inherent inconsistencies with existing regulatory requirements imposed by the County General Plan and LAFCO as well as the obvious limitations imposed by Measure C."

Staff Response to Issue 1: This issue was raised with respect to the Committee's recommendations for future development of the Southeast Quadrant area. Mr. Hare cites a letter September 2, 2004 from County Planning staff in support of his position.

The Committee's recommendations call for the entire area to become part of the City. It is not necessary that a plan that the City would prepare be consistent with the County General Plan. The plan would address land use policy for the time that the area would become part of the City of Morgan Hill. An area plan for the SEQ would not become effective until such time at it is annexed (and subject to City General Plan and zoning regulations). The letter from County Planning staff correctly states that "If LAFCO grants approval ..., those actions will be based solely on LAFCO's adopted goals and policies, which may include consideration of the County General Plan. However, the County General Plan is not (emphasis added) the primary basis for LAFCO determinations."

There was much discussion by the Committee regarding the effect of Measure C on the timing of future residential development in the Southeast Quadrant. The Southeast Quadrant property owners requested that Measure C be amended to allow for residential development sooner than presently allowed. The full Committee included within its final recommendations a requirement that the Area Plan for the Southeast Quadrant include "Detailed economic analysis, including assessing the economic impacts of various City development requirements and the impact of development time frames including Measure C."

Issue 2: Mr. Hare believes the plan for open spaces in the Southeast Quadrant would financially impose an "unacceptable burden that goes beyond the limits permitted by both the California and United States Constitutions."

Staff Response to Issue 2: The Committee discussed this matter extensively and agreed that provision of open space must be reasonable (and legal). The Committee's recommendations that address this topic include the following:

- "The burden of future City open space development requirements should be at a level where it is financially viable to develop land."
- "Whenever a specific property is designated for open space, a realistic and economically viable funding mechanism needs to be identified."
- "It is recommended that public improvements that benefit the entire community be funded by citywide revenue sources and not be the sole responsibility of the Southeast Quadrant."

Issue 3: Mr. Hare believes the time period which must pass before SEQ property owners would be able to develop their properties under the proposed plan is excessive. The lack of specificity in the Committee's recommendations regarding funding of open space and addressing regulatory issues would exacerbate the situation and "extend the already unacceptable delays faced by the property owners – in effect imposing an almost permanent moratorium on their ability to develop their property."

Staff Response to Issue 3: The recommendations of the Advisory Committee would not become effective on unincorporated property until such time as local land use and zoning designations are designated for the lands, and the lands are annexed to the City. Until that time, use and development of unincorporated property is subject to County land use regulations. Owners are free to utilize and develop their properties pursuant to County regulations until annexation occurs. No moratorium or taking of property rights has occurred or is proposed.

LETTER FROM ANDREW FABER REPRESENTING KEVEN AND CHARLENE LAI

Mr. Faber's letter is written on behalf of the Lai's, who own the 12.1 acre property located on the west side of Hale Ave. just north of Tilton Ave. A copy of his letter is attached as Attachment 2. The Advisory Committee is not recommending the Lai property be included within the Urban Limit Line. Mr. Faber requests the City Council take one of two actions regarding his client's property. Those requests and staff's response are discussed below.

Request 1: Mr. Faber requests that the Lai property be included within the Urban Limit Line. He includes seven reasons in support of this position, which generally address the development potential of the Lai property and the extent of development in the immediate area.

Staff Response to Request 1: Mr. Faber made his request to the Advisory Committee at its March 14th meeting. The Committee did not support the request. Staff concurs with the Committee's position. The Committee made a conscious decision to exclude from the Urban Limit Line areas that are substantially developed. The Lai property is located in such an area. This area, which is bounded by the City's sphere of influence on the north, Tilton on the south, Dougherty on the east, and Baird Ranch on the west contains 27 parcels. All but 8 of those parcels are developed. Houses are situated on most of the developed parcels, which limits future subdivision potential. The northerly extension of City services into an unserved area with limited development potential, and which is adjacent to the Coyote Valley Greenbelt, would not represent an efficient use of City resources or extension of infrastructure. A map showing the location of the Lai property is attached to this memo.

Request 2: Mr. Faber requests that, should the Council not honor his client's first request, the definition of Urban Limit Line be amended to allow for changes to the location of the Line in the future.

Staff Response to Request 2: The primary intent of the Urban Limit Line is to identify the boundary between rural and urban land. The Line is intended to distinguish between lands which may be needed for future urbanization, and lands which are to remain unincorporated, non-urban, rural and/or "greenbelt". Where greenbelt properties are identified for protection from urbanization through public acquisition or by applying a conservation easement, the adjacent ULL will be permanent. Otherwise, the definition of Urban Limit Line that is recommended by staff will recognize the possibility that a future City Council may amend the Line.

Not all areas outside of the ULL are proposed to be part of the greenbelt. The Advisory Committee recognized that there are several areas outside the ULL where the predominant parcel size is less than 10 acres, and a majority of the parcels are developed with single-family homes. Although these areas were not determined to be needed for future urbanization, the Committee felt that the relatively small parcel sizes and the number of existing homes in these areas would make their inclusion within the greenbelt financially and visually impractical. The property owned by Mr. Lai is in one of these areas.

As mentioned above, for areas where the Urban Limit Line is adjacent to greenbelt areas, and the greenbelt areas are proposed for acquisition or easements, the ULL should be considered to be a permanent line. In other areas, it is not critical that the location of the ULL be considered permanent. Staff is recommending that the definition of the ULL read as follows:

The Urban Limit Line (ULL) separates urban and future urban areas from rural areas. The ULL is a longer-term version of the Urban Growth Boundary (UGB) and is intended to ~~be~~ permanent to reflect the City's long-term policy for growth of Morgan Hill, beyond the twenty-year timeframe of the UGB. The purpose of an ULL is to encourage more efficient growth patterns, minimize public costs, and protect environmental resources. Some, but not all, of the land outside the ULL has been designated as Greenbelt.

LETTER FROM STEVE WHITE, PRESIDENT, ANCHORPOINT CHRISTIAN SCHOOLS

Mr. White's letter is written regarding a portion of the 117 acres owned by Anchorpoint Christian Schools, located west of Community Park and east of DeWitt Avenue. All of the property owned by Anchorpoint is outside of the city limits. Under County regulations, the property could be developed with approximately 12 homes. If Anchorpoint were to sell those parcels, it is reasonable to assume that the houses constructed on them would be located so as to offer the most benefit to the property owners. This may include construction of houses in prominent hill-top locations where the views could be maximized, but where the houses would be the most visually obtrusive.

Throughout the course of developing its recommendations, the Advisory Committee considered the disposition of the Anchorpoint property several times. In order to avoid the potential impacts associated with development of the property under County regulations, the Committee recommends amending the Urban Growth Boundary to include 20 acres of the property, adjacent to Sunset Road, for future annexation and urban development. The Committee also recommends allowing four homes

to be developed on existing 10 +/- acre parcels on Edmundson. The 40 +/- acres on which these four homes would be built would not be annexed and the homes would be built under County regulations. However, open space easements would be recorded over these four parcels to ensure that the homes are not developed on ridgelines and that 80 percent of the acreage of each parcel remains undeveloped. Twenty-eight acres owned by Anchorpoint, located on DeWitt Ave. is recommended by the Advisory Committee to have an open space easement recorded over it that would preclude its development.

Request: Mr. White's request is that Anchorpoint be allowed to build one home on the 28-acre area in such a location as to not be visible from DeWitt Ave. This proposal would require an exchange of property between Anchorpoint and the City. Mr. White further proposes that the exchange of property and construction of one house be conditioned on other benefits to the City, such as upgrading and maintaining access to the City's water reservoir and public access to the peak east of the reservoir. A copy of Mr. White's letter is attached as Attachment 3.

Staff Response: Staff believes Mr. White's request to be reasonable. Construction of a house in a location that would not be visible from DeWitt would address appear to address the concerns of the Advisory Committee which caused it to recommend the 28-acre area not be developed. Further, staff is unaware of any other situation in the City in which property that is not adjacent to and part of a larger development has been required to remain undeveloped and maintained by a property owner. Discussion with Public Works staff suggests, conceptually, that an exchange of property may be feasible. There are at least two other locations in the City where a City reservoir is accessed across private property. Staff recommends acceptance of the revised language proposed by Mr. White that would potentially allow for development of one home on the DeWitt property.

LETTER FROM GARY JUSTINO, PROPERTY OWNER

Mr. Justino is writing on behalf of his family, which owns three parcels that are located adjacent to but outside of the Urban Growth Boundary. One of the parcels is 9 acres in size and is located on the north side of Diana Avenue just west of Hill Road. The other two contiguous parcels total 20 acres in size and are located at the northeast corner of Tennant and Murphy Avenues. A copy of Mr. Justino's letter is attached as Attachment 4.

Request: Mr. Justino requests that the three parcels be included within the proposed Urban Limit Line. He believes urban development of the parcels is appropriate because farming of them has become infeasible.

Staff Response: The Advisory Committee recommends the Diana Ave. property be included within the ULL. The Committee further recommends that the parcels at Tennant and Murphy be part of a future Area Plan which would presumably result in their inclusion within the ULL. No action is necessary on this request.

LETTER FROM BART HECHTMAN REPRESENTING ANCHORPOINT CHRISTIAN SCHOOLS AND MS. BETHANY LIU

Mr. Hechtman's letter is written on behalf of Anchorpoint Christian Schools and Ms. Bethany Liou who is in contract to purchase the Anchorpoint properties. A copy of his letter is attached as Attachment 5. The property is located west of Community Park and east of DeWitt Ave. This letter is

intended to supplement the letter from Mr. Steve White, submitted at the April 20, 2005 Council meeting and discussed above. In his letter, Mr. Hechtman makes three requests. Those requests and staff's responses are discussed below.

Request 1: Mr. Hechtman requests that the Council allow for additional investigation regarding the feasibility of construction of one home on the DeWitt Ave. portion of the property in a manner which would meet the objectives of the Advisory Committee. This is the same request made by Mr. White in his letter.

Staff Response to Request 1: Staff recommends that the request be granted and that additional investigation into the feasibility of locating a house in this area is appropriate. See response to letter from Mr. White, above, for additional information.

Request 2: Anchorpoint owns four parcels, totaling 41 acres, on Sunset Road. The Advisory Committee recommends that portions of each of these four parcels totalling 20 acres be included in the ULL, UGB, and planned for residential development. Mr. Hechtman believes that County regulations and LAFCO policy would preclude annexation of portions of each of the four parcels and that the total 41 acres would need to be annexed. He requests staff be provided the opportunity to further investigate this matter and, if necessary, allow for annexation of the entire 41 acres, designating 20 acres for residential development and the remaining 21 acres for open space.

Staff Response to Request 2: Staff supports the request. Should additional review of County and LAFCO regulations support Mr. Hechtman's findings, annexation of the entire 41 acres with an open space easement covering the 21 acres which were not intended for development would appear to be consistent with the intent of the Advisory Committee.

Request 3: The Anchorpoint property totals 117 acres. In exchange for including 20 acres within the City's ULL and UGB, the Advisory Committee and Anchorpoint agreed to record open space easements over 87 of the remaining 97 acres in order to protect the scenic qualities of the property. The Advisory Committee's recommendations do not address the disposition of the easements should LAFCO not allow the 20 acres to be annexed to the City. Mr. Hechtman requests that Anchorpoint and Ms. Liou be allowed to terminate the easements should that occur and the 20 acres be removed from the ULL and UGB.

Staff Response to Request 3: Staff supports the request. The agreement between the Advisory Committee and property owner was based on benefits that would accrue to both the City and Anchorpoint. If LAFCO does not approve annexation of the 20 acres and it is removed from the ULL and UGB, the property owner would receive no benefit in exchange for the easements.

LETTER FROM ART PULIAFICO, PROPERTY OWNER and ADVISORY COMMITTEE MEMBER

Mr. Puliafico's letter is written in reference to the Kennett/Beasley/Tichinin proposal. Mr. Puliafico urges the City Council not to accept the KBT proposal and endorse the recommendations of the Advisory Committee, including the comments contained in the Minority Report. A copy of his letter is attached as Attachment 6. No specific requests are contained in the letter which require staff response or recommendation.